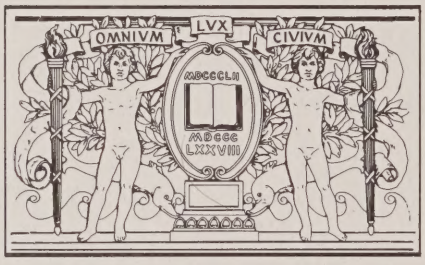
GOV DOC
M3/B16
RA
80/13
BOSTON PUBLIC LIBRARY
3 9999 06586 287 0



BOSTON
PUBLIC
LIBRARY

GOVERNMENT DOCUMENTS
DEPARTMENT
BOSTON PUBLIC LIBRARY

M13/B16
RA
80/13

NEW DIRECTIONS IN FEDERAL GRANT FUNDS TO BOSTON, 1968-78

Lisa Flanagan

Boston Redevelopment Authority
Research Department

May 1980

Kevin H. White, Mayor
City of Boston

Robert J. Ryan, Director
Boston Redevelopment Authority

Alexander Ganz, Director
Research Department

Boston Redevelopment Authority
Board of Directors

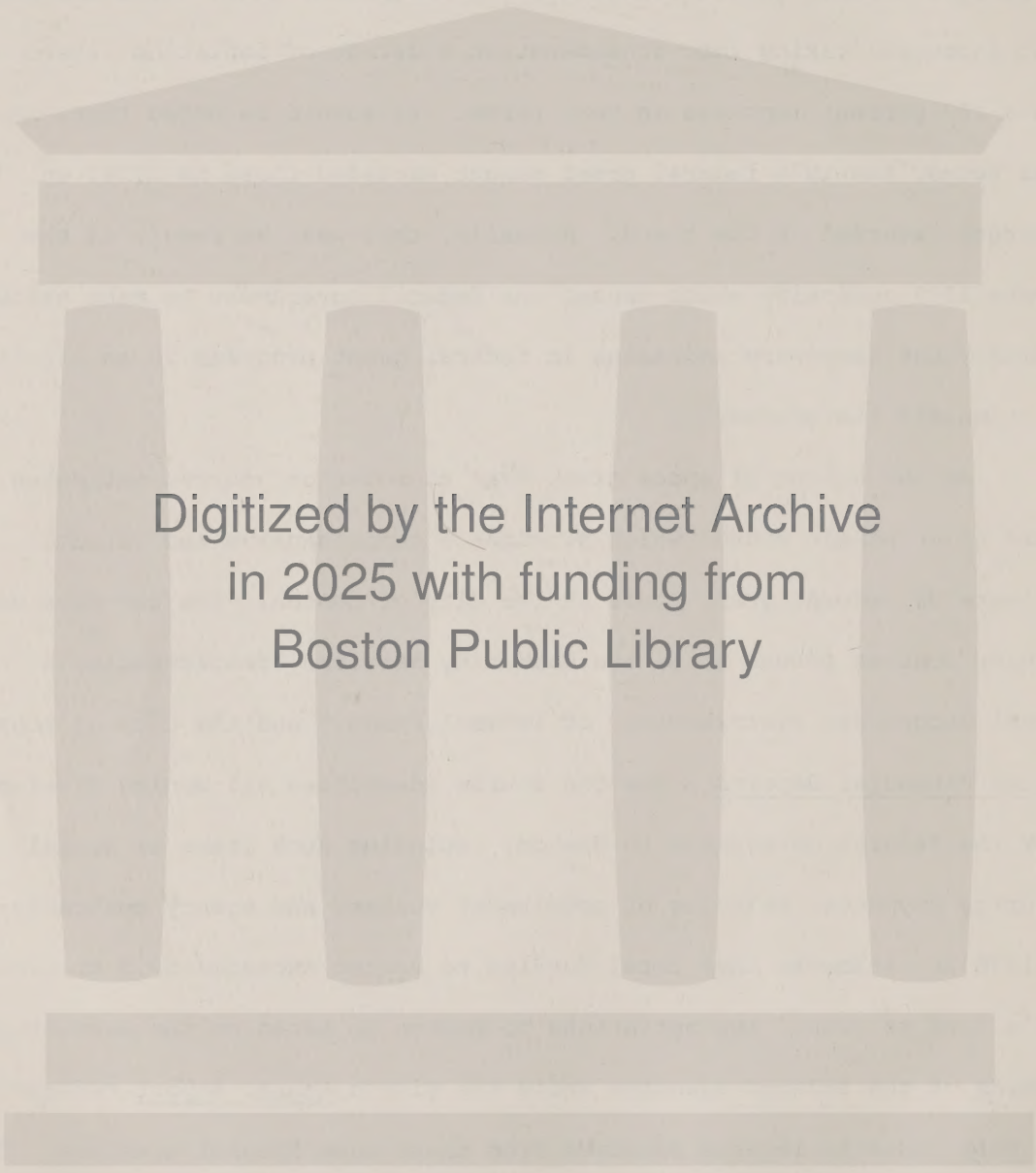
Robert L. Farrell, Chairman
Joseph J. Walsh, Vice-Chairman
James G. Colbert, Treasurer
James K. Flaherty, Ass't Treasurer
James E. Cofield, Jr., Member
Kane Simonian, Secretary

GOVERNMENT DOCUMENT
DEPARTMENT
BOSTON PUBLIC LIBRARY

Gov Doc
Plate only

The decade, 1968-1978, saw significant change in both the amount and type of federal funding for local government activities in Boston. In current dollars (those unadjusted for inflation) there was a 382 percent increase; taking into consideration a decade of inflation, there was a 162 percent increase in real terms. It should be noted that, in real terms, the 1976 federal grant amount exceeded those in 1978, an apparent reversal of the trend. Actually, this was the result of the severe 1975 recession which caused the federal government to make extraordinary but temporary increases in federal grant programs in an effort to stimulate the economy.

As the amount of space given over to notes on sources intimates, there is no single source which provides a comprehensive and reliable estimate of federal grant funds in the City of Boston. The two most useful primary sources proved to be the Community Services Administration's "Annual Geographic Distribution of Federal Funds," and the City of Boston's Annual Financial Reports. The CSA source identifies all monies flowing from the federal government to Boston, including such items as social security payments, salaries of government workers and agency contracts; in 1978 it estimated that total funding to Boston exceeded $2.5 billion. CSA's list of grant appropriations to Boston is based on the accounting records of the federal agencies while the City's Annual Report records what the City lists as revenue received from these same federal agencies. The two sources were used together so that each source would act as a check on the other's accuracy. Since funding estimates were not made on an annual basis, the discrepancy between the federal government and the City's fiscal years was not a significant problem.


Digitized by the Internet Archive
in 2025 with funding from
Boston Public Library

https://archive.org/details/newdirectionsinf00bost

This comparison at four different points of time between the records of CSA and those of the City reveals that the City government is receiving a greater proportion of all grant monies coming into Boston with the direct-to-city funds rising from 75 percent of the total in 1968 to 97 percent in 1978.

In addition, the City has more control over how the federal grant funds are spent. There are fewer categorical and matching grant programs which were designed with conditions on their use and the amount of local contribution required. These programs have been replaced by block grants and revenue sharing programs under which the City has a good deal of autonomy over how the money is spent.

An analysis of the composition of this decade of federal grant funding in Boston reveals a number of trends:

1) Federal assistance for general government in the form of General Revenue Sharing became an important revenue source for fiscally strained Boston, especially since it placed few restrictions on the City's use of this money.

2) The federal role in Boston's physical development changed notably between 1968 and 1978. In contrast to the guaranteed funds for long term, large scale redevelopment projects which characterized the urban renewal period, recent federal programs such as UDAG and EDA concentrate on specific projects which involve leveraging private funds.

3) Another significant feature of this decade of fiscal federalism was the federal investing of local government with the responsibility for employment and training through the Comprehensive Employment and Training Act. This manpower program gave local government more influence over an

important aspect of Boston's economy than it has had since the 1930s.

4) Not only has federal funding of local government activities increased, but federal involvement has helped induce local government to broaden the range of its public services.

5) It should be noted that the growth of these "external" funds, enabling the City to provide services which could not be afforded out of local revenues, holds the danger of raising residents' expectation of services without guaranteeing their continued fulfillment.

Significant Features

1968: Grants to Boston were directed principally toward urban development (60 percent), reflecting the federal government's huge and long-term investment in Boston's physical redevelopment through the urban renewal program. The size of this category dwarfed other categories, i.e., funds for manpower, education and human services, each of which received between ten percent and fifteen percent of the total funds.

When analysis is restricted to federal grants specifically to city government (excluding funds going directly to community groups), the imbalance among categories is even more striking, as virtually all funds were devoted to urban development (eighty percent and education (eighteen percent).

1972: Federal funding became more widely dispersed as the urban renewal program was gradually discontinued; the share for education remained constant and all other areas increased.

The most significant feature of 1972's federal funding was the transfer of local responsibility for manpower development from the private nonprofit community agencies to city government. The large increase in funding of the Model Cities program for provision of human services also indicated that the federal government was shifting responsibility for a wide range of social services from private charitable and community organizations to city government agencies.

1976: Another precedent in recent intergovernmental relations occurred with the inception of general fiscal assistance to local government through revenue sharing programs. This program was a response to both the recession of 1975-76, which threatened the fiscal condition of many large cities, and the increasingly popular attitude that federal assistance should not interfere with local government's judgement on the composition of expenditure needs.

Federal assistance to city-sponsored employment and training programs was substantially increased in response to the recession while all other categories decreased or remained stable in their portion of federal funding.

1978: The percent composition of federal funds established in 1976 remained roughly constant in 1978 with the only significant change being the reversal of shares between fiscal assistance and manpower categories.

These two areas of grants to local government, with virtually no federal funding in 1968, accounted for almost half of all federal monies received by the City of Boston in 1978.

Table 1

FEDERAL GRANT FUNDS TO BOSTON: 1968, 1972, 1976, 1978
(In current dollars, in thousands)

Program*	1968	1972	1976	1978
Fiscal Assistance[1]				
GRS	-	-	$41,000	$23,401
ARFA	-	-	-	5,455
Manpower[2]				
MDTA°	$6,654	$15,150	-	-
CETA	-	-	27,012	39,000
EEA	-	3,524	-	-
Urban Development[3]				
Urban Renewal	25,000 est.	28,000 est.	15,000 est.	-
Urgent Needs	-	-	8,600	18,800
CDBG (excl. H.S.)	-	-	31,298	27,283
LPW	-	-	-	15,900
Water and Sewer	940	248	-	-
CEP	-	1,554	-	-
Education[4]				
ESEA, Title I	4,781	8,277	8,495	8,800
ESAA	-	-	2,394	4,330
Vocational Education	66	202	792	675
Miscellaneous	969	1,495	1,685	1,300
Human Services[5]				
CAPS-OED°	4,298	4,566	3,978	4,124
CED°	-	-	1,500	1,120
Model Cities/CDBG-H.S.	193	9,086	1,201/810	1,710
YAC	130	141	600	535
Comm. Elderly	162	162	387	400
Health & Hospitals	**	**	5,700	5,700
Public Safety[6]				
LEAA	377	2,228	5,426	3,875
Total	$43,570	$74,633	$155,878	$162,408
Direct-to-City Total	$32,618	$54,917	$150,400	$157,164

° These funds are not channeled through City government and hence constitute the difference between Total Funds and Direct-to-City Total Funds.

* Abbreviations of programs are identified in the Notes on Sources.

** No estimate available for the federal grants recieved by the Health and Hospitals Department for service activities.

Table 2

FEDERAL GRANT FUNDS TO BOSTON

Federal Grant Totals Represented in Constant Dollars
(In thousands)

Year	Current Dollars		1978	1978 Constant Dollars	
	Total	Direct-to-City Total	Deflator Multiplier*	Total	Direct-to-City Total
1968	$43,570	$32,618	1.84	$80,169	$60,017
1972	74,633	54,917	1.52	113,442	83,474
1976	155,878	150,400	1.14	177,701	171,456
1978	162,408	157,164	1.00	162,408	157,164

* Adapted from 1979 Economic Report of the President.

Table 3

Direct-to-City Federal Grants as Ratio of Local Revenue*
(In millions)

Year	Direct-to-City Total	Local Revenue	Direct-to-City Local Revenue
1968	$33	$232	$.14
1972	55	359	.15
1976	150	417	.36
1978	157	518	.30

* Local Revenue defined as a combination of:

a) Real and Personal Tax Collections less Refunds
b) City, County, and School Departmental Revenues less Refunds and State Reimbursements
c) Motor Vehicle Excise Tax Collections

Source: 1968, 1972, 1976 and 1978 Annual Report, Auditing Department, City of Boston and County of Suffolk.

Table 4

PERCENT COMPOSITION OF FEDERAL FUNDS TO BOSTON
1968, 1972, 1976, 1978

Category	1968	1972	1976	1978
Fiscal Assistance	-	-	26	18
Manpower	15	25	17	24
Urban Development	60	40	35	38
Education	14	13	9	9
Human Services	11	19	10	8
Public Safety	*	3	3	3
Total	100%	100%	100%	100%

Percent Composition of Direct-to-City Federal Funds

Category	1968	1972	1976	1978
Fiscal Assistance	-	-	27	18
Manpower	-	7	18	25
Urban Development	80	54	36	39
Education	18	18	9	10
Human Services	1	17	6	5
Public Safety	1	4	4	3
Total	100%	100%	100%	100%

* Less than one percent

Source: Calculated from Table 1.

Notes on Sources

1. Fiscal Assistance Programs

a. General Revenue Sharing authorized under the State and Local Fiscal Assistance Act of 1972 provides general purpose fiscal assistance to local government. It is a formula-based grant using population, per capita income and tax effort to determine allocations.

Source: 1972, 1976, 1978 Annual Report, Auditing Department, City of Boston and County of Suffolk.

b. Anti-Recession Fiscal Assistance, begun under Title II of the Local Public Works Employment Act of 1976 and extended through 1978 provided general purpose aid to local government in times of high national unemployment. Its allocation was based on a formula using population and unemployment statistics.

Source: 1978 Annual Report, Auditing Department, City of Boston and County of Suffolk.

2. Manpower Programs

a. MDTA - Manpower Development and Training Act was an umbrella term for numerous separate programs funded by the Department of Labor, often in conjunction with HEW and the now defunct Office of Economic Opportunity. The largest and most important of these programs were:

MDTA's Institutional Training Program
CEP - Concentrated Employment Program
NYC - Neighborhood Youth Corps
OJT - On the Job Training

Almost all of these funds were obligated directly from DOL to public and private nonprofit service organizations, such as Action for Boston Community Development (ABCD), Opportunities Industrialization Council of Greater Boston, Inc. (OIC) and East Boston Skills Center.

Source: 1968 estimate - "Geographic Distribution of Federal Funds in Massachusetts, 1968" Community Services Administration

1972 estimate - Aggregation of all contracts initiated in 1972 with Boston-based service providers. Account Ledger, District I Regional Office of Department of Labor, JFK Building, Boston, MA.

b. CETA - Comprehensive Employment and Training Act of 1973. Superceding all MDTA programs in 1973, CETA allocates funds to local governments based on a formula using population, employment and economic characteristics.

Source: 1976 and 1978 Annual Reports, Auditing Department, City of Boston and County of Suffolk.

c. EEA - Emergency Employment Act of 1971. The City received funds from this source from Fiscal Year 1971 through 1975 when its function of public employment was taken over by CETA.

Source: 1972 Annual Report, Auditing Department, City of Boston and County of Suffolk.

3. Urban Development

a. Urban Renewal funds were committed by HUD to the Boston Redevelopment Authority under the National Housing Act of 1949. (The BRA, established in 1957, has lead responsibility for urban renewal in the City.)

Because of the unique nature of urban renewal financing, the funding totals require explanation. There is little correlation between an annual appropriation and the actual dollar amount of urban renewal activity in the same yar. The financial relationship between the BRA and HUD is as follows: When HUD approval for an urban renewal project the City wants to undertake has been received, a loan and grant contract is signed between HUD and the BRA. The Authority can then sell urban renewal notes to raise the money necessary for execution of the project. HUD guarantees future repayment of the notes rather than give funds to the BRA at that time. At a point near project completion, HUD pays the BRA and the notes are retired. This procedure and the fact that funds are for multi-year projects necessitates the use of budget averages for the four time periods.

1968 is the 1968-1971 average of funds received.
1972 is the 1972-1975 average of funds received.
1976 is the 1976-1978 average of funds recieved.

Source: Tom Joy, Director, Accounting Department, Boston Redevelopment Authority, from a summary of project allocations.

b. Urgent Needs began in 1976 with the initiation of the CDBG program, with the purpose of financing the close-out of urban renewal projects. As with the urban renewal funds, it must be remembered that the bulk of these funds is going to reimbursement or fulfillment of legal commitments rather than initiating new activity.

Source: Conversation with Owen Donnelly, Director of Federal Aid, Boston Redevelopment Authority, February 21, 1980.

c. CDBG - Community Development Block Grant program, authorized under the Housing and Community Development Act of 1974, provides funds to localities to be used for projects that aid low- and moderate-income families or contribute to the elimination of blight. The City has a great deal of leverage over how these funds are allocated. It receives funding according to a formula-based process which uses population and other socio-economic characteristics.

Source: Budget Summary, prepared for the BRA by the Office of Program Development (administering agency for CDBG funds).

d. LPW - Local Public Works of the Public Works Employment Act of 1976 was part of the federal effort (along with ARFA) to stimulate the national economy during the 1975-76 recession. Funds were approved for the construction of useful public projects that would be additions to projects already budgeted and would not have been otherwise constructed due to the lack of funds. This program was in existence for FY 1977 and FY 1978 with projects from high unemployment localities competing for grant funds.

Source: From LPW file of the Office of Federal Relations.

e. Water and Sewer Grants, authorized under the Housing and Urban Development Act of 1965, financed the land and construction costs of basic public water and sewer facilities. This program was superceded by the CDBG program in 1975.

Source: 1968, 1972 Annual Reports, Auditing Department, City of Boston and County of Suffolk.

f. Code Enforcement Program was a category of Urban Renewal, funded under Section 117 of the Housing Act for the FACE (Federally-Assisted Code Enforcement) Program which was budgeted to and administered by the City rather than the Boston Redevelopment Authority. It was dismantled with the onset of the CDBG program in 1975.

Source: 1972 Annual Report, Auditing Department, City of Boston and County of Suffolk.

4. Education

a. ESEA - Elementary and Secondary Education Act of 1966, Title I funds programs for educationally deprived children. Funding is based on a complicated formula using number of children from low-income families as one of the criteria.

b. Emergency School Aid Act of 1972 provides funds to local educational agencies to assist in eliminating or preventing minority group isolation and for programs to assist minority school children in overcoming their educational disadvantages. Funding is based on merit of application and channelled directly to the local educational agency.

c. Vocational Education Act of 1963 provides funding for vocational/educational programs. Funding is through the State's Department of Education based upon a formula using age group populations.

d. Other federal education programs for such services as adult basic education, bilingual education, library resources, special reading programs, services to school dropouts and teacher-training programs.

Source: 1968, 1972, 1976, 1978 Annual Report, Auditing Department, City of Boston and County of Suffolk.

5. Human Services

a. CAPS - Community Action Program mobilizes and channels its resources into private and public organizations and institutions involved in anti-poverty work. Funded under the Economic Opportunity Act of 1964, previously run by the defunct Office of Economic Opportunity (OEO) and now run by Community Service Administration, CAPS provides a wide range of educational, job development, health, and economic development services for low-income residents. Funds flow through the State to service delivery organizations.

Source: 1968, 1972, 1976, 1978, "Geographic Distribution of Federal Funds in Massachusetts", Community Services Administration.

b. CED - Community Economic Development of the CSA funds Local Community Development Corporations (CDC's) in their effort to (1) stem dependence, chronic unemployment and community deterioration and (2) invest in starting or expanding enterprises in their local area so as to provide employment and community ownership opportunities. Funding is made directly to the local CDC's of which there are three in Boston:

CEDC - Chinest Economic Development Corporation
GRDC - Greater Roxbury Development Corporation
EBCDC - East Boston Community Development Corporation

Source: 1970, 1978 "Geographic Distribution of Federal Funds in Massachusetts", Community Services Administration.

c. Model Cities was the social service component of Urban Renewal Funded under Title I, Demonstration Cities and Metropolitan Development Act of 1966, HUD Model Cities provided grants and technical assistance to carry out comprehensive programs concerned with the social, economic and physical problems of blighted neighborhoods in selected localities. Unlike many OEO programs, monies were channelled through the City; the program ended with the introduction of CDBG.

Source: 1968, 1972, 1976 Annual Report, Auditing Department, City of Boston and County of Suffolk.

d. Youth Activities Commission (in 1968 and 1972 known as Youth Activities Bureau) is the City's multi-purpose service agency to improve the health and welfare of youth. Services include counseling, job development and placement, educational assistance, crisis work and recreation. It coordinates programs with police, school and private nonprofit organizations to reduce juvenile delinquency.

Because of its many purposes and functions, the YAC receives funds from a variety of federal sources, such as the Community Services Administration and HEW's Title XX (which is channelled through the State's Department of Public Welfare).

This budget line total for youth activities does not reflect the full amount of federal funds for youth programs; CETA and LEAA both fund youth programs. A better estimate of federal funding for youth in 1976 and 1978 was obtained from sources other than the Auditor's Annual Report which does break CETA and LEAA funds out by function.

Funds (In thousands)	1976	1978
Total funds	$2,092	$2,672
From LEAA	284	700
CETA	1,600	1,500
Title XX (through DPW)	118	360
CSA (through Div. of Youth)	90	112

Sources: 1976 - Inventory of Federal Grant-in-Aid Programs, City of Boston and Suffolk County. Richard Gerrior, Federal Aid Coordinator, Administrative Services Department, 1976.

1978 - The Boston Budget City Services and How They Are Financed, Office of Fiscal Affairs, City of Boston, March 1977.

e. Elderly Services - Commission on Affairs of the Elderly (did not exist in 1968) is the umbrella agency for the diverse programs which provided services to the City's population over 60. The Annual Report budget total for elderly programs suffers from the same problems of underestimation as did youth programs. A more comprehensive, albeit unofficial, estimate was obtained for 1975 which provides a wider perspective on funds available for elderly services.

1975 Total (in thousands)	$453
From Action	194
HEW	99
Department of Labor	160

Source: 1976 Inventory of Federal Grant-in-Aid Programs, City of Boston and Suffolk County, Richard Gerrior, Federal Aid Coordinator, Administrative Services Department, 1975 numbers were used as 1976 program funding estimates were not available.

f. Health and Hospitals - Federal fund information is not available prior to 1976. All federal grant management is done by the Trustees of the Health and Hospitals, Inc., a nonprofit organization of the Department. The 1976 Inventory and the 1978 Boston Budget were both used to estimate that approximately $5.7 million was received by the federal government (mostly from HEW) for service activities (as opposed to research or personnel training grants).

Source: 1976- Inventory of Federal Grant-in-Aid Programs, City of Boston and Suffolk County. Richard Gerrior, Federal Aid Coordinator, Administrative Services Department, 1976.

1978 - The Boston Budget-City Services and How They Are Financed. Office of Fiscal Affairs, City of Boston, March 1977.

6. Public Safety

a. LEAA - Law Enforcement Assistance Administration of the Omnibus Crime Control and Safe Streets Act of 1968. Boston's police, youth, and criminal justice departments all use LEAA funds for crime prevention, reduction, and increased community security programs.

Use of Attributable LEAA Funds

	1976	1978
Total	$4,200	$3,800
Police and Court System	1,360	300
YAC	240	700
Criminal Justice (Channelled to nonprofit service organizations)	2,600	2,800

Source: 1976- Inventory of Federal Grant-in-Aid Programs, City of Boston and Suffolk County. Richard Gerrior, Federal Aid Coordinator, Administrative Services Department, 1976.